



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, APRIL 18, 1995

AT
(202) 616-2771
TDD (202) 514-1888

JUSTICE DEPARTMENT APPROVES THE HEARST CORPORATION'S PURCHASE OF THE HOUSTON POST

WASHINGTON, D.C. -- The Department of Justice has approved a \$120 million deal that will allow The Hearst Corporation, which operates The Houston Chronicle, to buy its major daily newspaper competitor in Houston, The Houston Post, because The Post is a "failing firm."

Under the agreement between Hearst of New York City and The Houston Post's owner, Consolidated Newspapers Inc., of Houston, Hearst would acquire the assets, which include the plant and press equipment now used to publish The Post.

Anne K. Bingaman, Assistant Attorney General of the Antitrust Division, said, "After an extensive search the only remaining interested purchaser was Hearst."

Under long established Supreme Court doctrine, a company may qualify for the failing firm defense. When the three elements of that doctrine are met a total defense results which provides for complete protection against an antitrust challenge. The Department said that in this case, each of the three elements of that defense were satisfied:

- The Houston Post was unable to meet its financial obligations in the immediate future.

(MORE)

- The Post was unable to reorganize successfully under Chapter 11 of the Bankruptcy Act.
- The Post had completed good faith efforts to elicit reasonable alternative offers of acquisition that would keep its assets in the market.

The Department said that the efforts made by The Houston Post to find a purchaser other than Hearst were extensive and thorough. Contacts with potential purchasers were made by an experienced broker over a period of months. In the course of these efforts, almost 50 potential purchasers were contacted, including virtually every large newspaper and media company, as well as several other companies and investors that had operations in Texas. While these efforts turned up a few interested firms, the Department said that after obtaining additional financial information, each declined to purchase The Post, leaving only Hearst as an interested purchaser.

The Department's investigation was completed expeditiously to avoid the failure of The Post, which would have harmed its consumers, employees and creditors.

The Department said that under the offer made by Hearst, The Post's stockholders will not profit from the proceeds of the sale which largely will be given to creditors and employees.

###